

TUESDAY

LESSON 5 BARGAINING TECHNIQUES

Lesson 5

TOPIC: BARGAINING TECHNIQUES (CHAPTER 5)

OBJECTIVE: Apply bargaining techniques.

TIME: Tuesday 8:00 - 9:00 am

METHOD: Lecture

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

Primary Learning Objective

Condition: When representing the government in a contract negotiation

Task: Apply the following bargaining techniques:

- 1) Aim high
- 2) Give yourself room to compromise
- 3) Do not volunteer weaknesses
- 4) Satisfy the other side's non-price issues
- 5) Use concessions wisely
- 6) Put the pressure on the other side
- 7) Use the power of patience
- 8) Be willing to walk away from or back to negotiations
- 9) Say it right
- 10) Be prepared

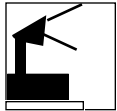
Standard: Negotiates win/win outcomes for the government.

TOPIC: Apply Bargaining Techniques

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Ref. Steps In Presenting The Topic Instructor Notes

- a. Introduce Bargaining Techniques as rules on what to do and what not to do to win negotiations.**

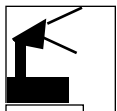


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Note that these techniques apply to all types of contract negotiations.

- b. Explain the rationale for *Rule 1: Aim High*.**



5-2

Rule One

Aim High

- Higher expectations produce better outcomes.
- Expectations are a self-fulfilling prophecy.
 - Bargainers who think they will succeed are more likely to succeed.
 - Those who think failure is inevitable are more likely to fail.
- Develop high expectations and make realistic assumptions about your position.
 - Be skeptical of information from the other side.
 - Make realistic assumptions about your position.
 - Remember the unknown pressures on the other side.

Text 5.1, p. 67-68

TOPIC: Apply Bargaining Techniques

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Rule 1: Aim high. The expectation level of negotiators is closely related to the outcome of the negotiations. Generally, the higher the expectations, the better the negotiators will ultimately perform.

When first establishing expectation levels, good negotiators often go beyond their initial expectations. The reason is that negotiators are more aware of their own personal pressures and limitations than they are of the pressures facing the other side. Because of this phenomenon, buyers are often willing to pay more than necessary, while sellers often expect an outcome that is less than what they could get if they brought higher expectations to the negotiation.

The key to establishing high expectations is developing positive assumptions about your bargaining position. Positive assumptions lead to high expectations while negative assumptions lead to low expectations.

Government negotiators should avoid the tendency to base their expectations for a price approximating the amount of funds available for the contract. Likewise, the price objective should not be increased just because funds are available.

In government contract negotiations, high expectations should be more than just obtaining contracts at good prices. government negotiators "Aim High" by striving for win/win outcomes and high expectations on non-price needs, such as quality. Having expectations of negotiating a contract price below what the government considers fair and reasonable is really aiming low and likely to result in win/lose or lose/lose outcomes.

c. Discuss the recommended relationship between funding, expectations and price objectives.

Emphasize the importance of striving for win/win outcomes in government negotiations as a non-price example of "Aiming High". **Money is not the only objective in negotiations.**

d. Explain the rationale for *Rule 2: Give Yourself Room to Compromise.*

Concession making is essential to successfully conducting most negotiations. Even the most skilled bargainers must make concessions in order to obtain successful outcomes. Yet, many negotiators are unable to make material concessions because their opening position is too close to their expectation level. Adhering to this rule can be easily achieved by using an initial offer that is

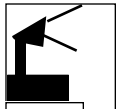
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sufficiently above your expectation level to allow you to compromise and still reach your objective.

Rule 2: Give yourself room to compromise. When negotiating contract price, government buyers should present an initial position below what they feel the ultimate price will be in order to be in the position to make concessions before agreeing on the final price. In contrast, government sellers should ask for more than what they expect to settle at so that the other side will be satisfied with a compromise that is still within the government's range of acceptable outcomes.



5-3

Rule Two

Give Yourself Room to Compromise

- Concessions always necessary
- Open low, you can always go up
- Justify opening position
- Unreasonable opening positions with "too much room" are counterproductive

Text 5.2, p.69

As Americans, we are conditioned by our culture to expect flexibility during most types of negotiations. Accordingly, we can be penalized by having opening positions too close to our expectation level. Selling a home and buying a new car are examples of everyday transactions where the sellers are traditionally expected to settle at less than the asking price.

CAUTION: If you give your side too much room to compromise, your opening position could appear unreasonable to the other side. Support your opening position with valid reasons based on fact and reasonable judgments of what is likely to occur.

TOPIC: **Apply Bargaining Techniques**

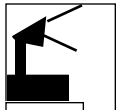
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- e. Explain the rationale for *Rule 3: Do Not Volunteer Weaknesses*.



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Rule Three

Do Not Volunteer Weakness

- Don't volunteer information detrimental to your bargaining position.
- Tell the truth, but avoid revealing more than necessary.

Text 5.3, p. 70-71

The basic premise of this precept is that bargainers should not volunteer information that would weaken their negotiating position or enhance the bargaining position of the other side.

Emphasize the importance of applying this rule in an honest and ethical manner.

Highlight examples of rule violations that can be found in everyday life and government contract negotiations.

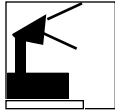
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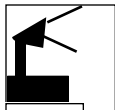
Rule Three

Everyday Violations

- "My car just broke down"
- "Your product is the only one"
- "We have a surplus"
- "We must sell it today"
- "I can't get credit"

Text 5.3, p. 70-71

Remind students that in the absence of derogatory information, the other side is naturally more inclined to perceive strength instead of weaknesses in your position.



5-6

Rule Three

Less Obvious Violations

- "The Boss likes to do business with your firm."
- "My vacation starts tomorrow"
- "Funding increased this year"
- "I'm up to my neck in work"

Text 5.3, p. 70-71

Rule 3: Do not volunteer weaknesses. Bargainers should not volunteer information that would weaken their negotiating position or enhance the bargaining position of the other side. Negotiators need not be dishonest to comply with this rule. Honesty and ethical behavior are always paramount in any government negotiating session. Adherence to this rule can often be accomplished by carefully wording statements or by avoiding a

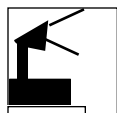
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direct response to the question. In the absence of derogatory information, the other side is naturally more inclined to perceive strength and be unaware of the weaknesses in your position.

f. Explain the rationale for *Rule 4: Satisfy Non-price Needs*.




5-7

Rule Four

Satisfy Non-price Needs

- Identify non-price needs
 - Price is never only issue
 - Non-Price needs are often hidden
- Find ways to satisfy the non-price needs
- What are non-price needs in sale of a family owned business?
 - Firm name
 - Employee/customer retention
 - Adherence with established practice



Text 5.4, p. 72

Emphasize the importance of identifying for non-price issues and corresponding ways of satisfying these needs.

Rule 4: Satisfy non-price needs. Most negotiations will not end in agreement unless both sides are in agreement on both price and non-price needs, therefore it is important for negotiators to enter negotiations with an awareness of all the issues facing both sides. Non-price needs are found in all government contract negotiations. For example, many contractors have cash flow problems that the government can readily solve at little or no cost. Potential ways to satisfy this need include: providing for partial deliveries with payment, or the use of customary progress payments.

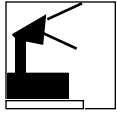
g. Explain the rationale for *Rule 5: Use Concessions Wisely*.

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Rule Five

Use Concessions Wisely

- When giving, ask for something in return
- Concede slowly, in small amounts
- Avoid splitting the difference
- Other key points
 - Use concessions to break impasses
 - Get what is important
 - Concede the least important

Text 5.5, p. 73-74

Discuss the precepts to be followed in using concessions wisely.

- When giving, ask for something in return. Never make a concession without getting, or at the very least, asking for a concession in return. Linking concessions will facilitate more concessions from the other side by forcing concessions that otherwise would not have been made. Moreover, this technique will also enhance the value of your concessions. Negotiators, like most people in our society, will generally not put higher value on something that required a sacrifice instead of received free.
- Give slowly and in relatively small amounts. Concede slowly and in small amounts. Large or quick concessions tend to unnecessarily raise the expectations of the other side. When this occurs, the overly generous concession becomes counterproductive to the negotiating process. Instead of bringing the parties closer together, the increased expectations of the other side result in the two sides being farther apart. Concessions quickly given or too large can also give the other side the impression that the concessions were not that important to the giver or that the concession giver is overly anxious for a settlement. In addition, big or quick concessions often result in more of a compromise than necessary.
- Do not split the difference until you have reached your negotiating objective. Just because someone wants to split the difference doesn't mean a fair settlement has been reached. Unless your negotiating objective has already

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been achieved when the other side offers to split, realize that you have just won at least half of the difference and try to obtain an even larger concession. Remember that the one who offers to split the difference is in reality announcing a new position. When the other side refuses to split, the originator cannot always easily retreat from the offer.

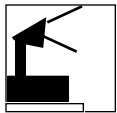
Discuss how concessions can be used to:

- Break an impasse,
- Win a reciprocal concession
- Conclude an agreement.

Discuss other key points of concession making in government contracting, for example:

- Generally, it is advantageous to let the contractor make the first concession.
- Attempt to get the contractor to concede on issues of major importance to your side instead of just conceding on minor or insignificant points.
- In contrast, begin making your concessions on issues of minor importance to the government.

h. Discuss the importance of *Rule 6: Put the pressure on the other side.*



5-9

<p style="text-align: right; margin: 0;"><small>Rule Six</small></p> <h3 style="margin: 10px 0;">Put the Pressure on the Other Side</h3> <ul style="list-style-type: none"> • Believe in the <u>unknown</u> pressures facing the other side • Resist artificial pressures <ul style="list-style-type: none"> – Guard against conscious and subliminal pressures that do not affect bargaining – For example, don't be swayed by fancy offices, books on display or credentials and titles • Refer to competitive alternatives <ul style="list-style-type: none"> – But use care to be subtle! <p style="margin-top: 20px; font-size: small;">Text 5.6, p. 75</p>	
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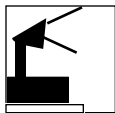
Highlight the simple methods that can be used to reduce your stress while increasing the pressure to bargain on the other side. Examples include:

- Believing in the unknown pressures facing the other side,
- Not letting artificial pressures increase the negotiating pressure on yourself, and
- Putting pressure on the other side by subtly referring to alternative choices or the competition.

Rule 6: Put the pressure on the other side. Success in negotiation stems in large part from the ability of bargainers to pressure the other side while at the same time limiting the pressure on themselves. Believe in the unknown pressure facing the other side by realizing that there is more pressure on the other side than what is readily apparent. This will help relieve some of the pressure on your position.

Do not let artificial pressures, such as the perceived stature or the impressive credentials of the other side, increase the negotiating pressure on yourself. In sole source negotiations, the government can put a great deal of pressure on the other side by referring to alternative choices or potential competitors (when they exist). Alternatives, such as canceling and resoliciting or buying in smaller quantities, always exist.

i. Explain the rationale for *Rule 7: Use the Power of Patience.*



5-10

Rule Seven

Use the Power of Patience

- Patience exhibits resolve
- Additional time stresses the other side
- Americans tend to be impatient
- Big payoffs for extra time
- Balanced win/win outcomes take time

Text 5.7, p. 76

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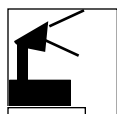
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Note differences in cultural values placed on patience. Show how patience shows resolve and increases stress on the other side.

Emphasize the importance of time to allow both sides to explain their positions and develop ways to satisfy the other side.

Rule 7: Use the power of patience. Good negotiators use patience to their advantage to increase the stress on the other side while waiting for a better deal. American negotiators are generally more impatient compared to negotiators from other societies. Practicing patience also displays resolve or firmness in your position by demonstrating to the other side that you are not overly anxious for a settlement. The willingness to deliberately proceed through negotiations and, when necessary, delay the proceedings also dissipates the emotional feelings that surround certain issues.

j. Explain the rationale for Rule 8: *Be Willing to Walk Away from or Back to Negotiations.*



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Rule Eight

Be Willing to Walk & Come Back

- Deadlock cannot always be avoided
- Some parties are unfair and unreasonable
- Come back when better deals can't be found
- Try not to make the first move after deadlocking (but come back anyway)
- Forestall walkouts by the other side

Text 5.8, p. 77

Rule 8: Be willing to walk away from or back to negotiations. Deadlock cannot always be avoided and, in fact, is sometimes necessary when dealing with unfair or unreasonable parties. Good negotiators are neither afraid to walk away from bad deals nor too proud to return to the negotiation table once they realize a better deal could not have been obtained. Although it is usually better to let the other side make the first move after deadlock, you cannot be sure that will ultimately happen. But even when you make the first

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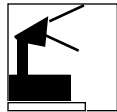
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move, the other side will often welcome it because of the severe pressure on both parties caused by the deadlock.

Walkouts or even the threat of walkouts may be used to advantage during the conduct of the negotiation, but not without some risk. The risk is that it may be very difficult to get the negotiation started again and back on track. If the walkout leads to a concession, it is a successful technique. If it fails, your position is weakened, and reconciliation will be difficult.

When you believe that a walkout by the contractor is imminent, it is probably advisable for you to try to forestall it, by perhaps suggesting a break or overnight recess. If the contractor walks out, always remain cordial and express a willingness to reopen negotiations again if the contractor reconsiders. A walkout or threatened walkout should never force the government to make unreasonable compromises.

k. Explain the rationale for *Rule 9: Say It Right*. "It's not what you say, but how you say it."



5-12

Rule Nine

Say it Right

- Its not what you say but how you say it
- Even generous offers are refused when other side is slighted or provoked
- Always be cordial and business-like
- Say things in a win/win manner
- Avoid controversial remarks
 - Violations occur even when there is no intention
 - Do not provoke when provoked
 - Avoid personal pronouns when disagreeing

Text 5.9, p. 78-79

Rule 9: Say it right. The importance of good interpersonal relationships between opposing negotiators on the outcome of negotiation cannot be overemphasized. Even the most generous offers may be refused when the feelings on the other side are ruffled. Key points to say it right include:

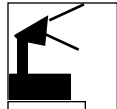
- Make disagreements as courteous as possible by not personalizing contentious issues, i.e., never disagree using personal pronouns.

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- Use nonprovocative terms instead of their more provocative synonyms, e.g., use "uninformed" rather than "stupid."
- Be careful not to sound insincere, overly eager for a settlement, tentative, condescending or angry.
- Do not say anything that has even a remote chance of being controversial.
- Be polite and display respect for the contractor.

I. Explain *Rule 10: Be Prepared*.


5-13

Rule Ten

Be Prepared

- Know strengths and weaknesses of both sides
- Identify non-price needs and ways to satisfy
- Sellers have an inherent preparation advantage
 - Intimately aware of product or service provided
 - Cumulative preparation time from repeat deals
- No substitute for good preparation

Text 5.10, p. 80

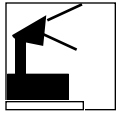
This Boy Scout motto applies to the conduct of successful negotiations. Winning negotiators are generally the most prepared negotiators. Adequate preparation includes a careful study of the strengths and weaknesses of both positions along with a study of the needs of the other side and ways for satisfying those needs. No other aspect of negotiation pays better returns than preparing for the bargaining session.

Rule 10: Be prepared. No amount of experience, skill, or persuasion on the part of the negotiator can fully compensate for the absence of preparation. The cumulative preparation time that contractors have spent selling the same product over and over again to commercial buyers often gives them an edge over individual buyers. Adequate preparation by the government is necessary to offset this significant negotiating edge.

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Adequate preparation for most negotiations includes a careful study of the strengths and weaknesses of both positions along with a study of the needs of the other party and the ways to satisfy those needs. No other aspect of negotiation continually pays better returns than preparing for the upcoming bargaining session. Because there is no substitute for good preparation you should never negotiate an issue unless you are adequately prepared.

m. Summarize the bargaining techniques.

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Summary

- Negotiation success determined by bargaining skill as much as circumstances
- Expert negotiators have certain universally accepted techniques in common
- Will increase success in professional and personal bargaining sessions
- Standard criteria for judging negotiation exercises in course

Text 5.11, p. 81

MORNING BREAK




TOPIC: PROTECTO GROUP PREPARATION

OBJECTIVE: Negotiate.

TIME: Tuesday 9:20 - 10:20 pm

METHOD: Small Group Work

LESSON PLAN

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	<p>a. Assign rooms and negotiation times before allowing students to prepare as groups.</p> <p>Since a minimum of the classroom and two breakout rooms will be needed for this course, assign the classroom to the contractor teams and the additional rooms to the government teams. <u>Never</u> assign teams representing different sides to the same room.</p>	
	<p>b. Write the preparation, negotiation, and critique times on the board.</p> <p>Give a Minimum of 45 minutes for group preparation, 3 hours for the negotiation and 1 hour for the critique. (NOTE: Students should be given a 1 hour break for lunch)</p> <p>c. Emphasize the importance of beginning the negotiations on time.</p> <p>Tell the students that the allotted preparation time will often be insufficient to fully prepare, but since the course is devoted to practicing negotiation skills, the only alternative would be to extend the class day.</p>	
 Refer Students to Appendix E	<p>d. Review Student Ground Rules .</p> <p>Place particular emphasis on the importance of role playing and the responsibilities of the chief negotiator and observer.</p> <p>e. Since all negotiations are assumed to occur in the government offices, direct the government teams to report to their assigned rooms a few minutes early to set up the bargaining table.</p>	
Refer Students to Appendix F	<p>f. Remind the observer and the team to use Preparation Guide Handout during preparation phase.</p>	

TOPIC: Protecto Group Preparation

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| | <p>g. Release students for the morning break instructing them to report to their assigned rooms at the beginning of the scheduled preparation time.</p> | |
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PREPARATION PHASE INSTRUCTOR DUTIES

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| | <p>a. Do NOT brief the students on the key discussion issues peculiar to the case.</p> | |
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Students should have read the case they will negotiate the night before. During classroom preparation time, students should prepare as a group.

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| | <p>b. Allow the student groups to go to their assigned rooms for the allotted preparation time to prepare their negotiation positions as a group.</p> | |
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The preparation rooms are generally the same as the rooms used for the group negotiations, however, TO ENSURE PRIVACY, GOVERNMENT AND CONTRACTOR PERSONNEL WILL NOT BE ASSIGNED TO THE SAME ROOM DURING THE PREPARATION PHASE.

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| | <p>c. Spend an equal amount of time observing the individual groups preparing their cases.</p> | |
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Care should be exercised to ensure that any questions you answer do not give one team an unfair advantage over another, or more information than the other teams have.

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| | <p>d. Spending more than the allotted time on preparation reduces the time available for negotiations.</p> | |
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TOPIC: PROTECTO NEGOTIATION

OBJECTIVE: Negotiate.

TIME: Tuesday 10:20 am - 2:30 pm

METHOD: Small Group Work

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PROTECTO NEGOTIATION (3 hours 10 minutes)

- a. Tell students that they must end the preparation period on time so that the negotiations begin as scheduled.**

Students generally do not feel they have enough time to fully prepare for the case. However, students are in the course to learn how to negotiate and not how better to prepare.

If necessary, go to the preparation areas and direct the students to begin negotiations even if they feel they did not prepare enough.

(NOTE: The short preparation time can generally be finessed by offering the students a longer class day in return for more group preparation time.)

- b. Observe as much of the negotiations as possible by spending an equivalent amount of time watching all three groups.**
- c. Take notes on both the good things and mistakes that have occur.**

PAY PARTICULAR ATTENTION TO THE KEY DISCUSSION ISSUES AND APPLICATION OF PROPER BARGAINING TECHNIQUES. Use these notes during the critique to assess the conduct of the bargaining session.

Observe the bargaining techniques of both sides using Chapter 5 as the standard.

Students can often learn from their mistakes. Look for noncompliance with the standard.

Be particularly alert for Rule 9 (Say It Right) violations and win/lose and win/win negotiation styles. Write down your observations noting the particulars of each situation.

TOPIC: Protecto Group Negotiation

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- d. Even though some students will have questions, you generally should not provide answers during either the bargaining session or the caucus/breaks that ensue.**

This forces the students to solve problems themselves and ensures the teams with questions are not provided more information than other teams.



LET THE STUDENTS MAKE MISTAKES UNLESS THE MISTAKES ARE DETRIMENTAL TO THE LEARNING PROCESS. The learning experience can often be enhanced by someone's mistakes.

- e. Encourage the students to think win/win.**

Remind the students that there is frequently no right or wrong way to negotiate a particular point and that everything is negotiable

- f. Announce that groups finishing too early will be required to complete a price negotiation memorandum or negotiate another case.**

This will discourage students from finishing early.

- g. Ensure that the assigned chief negotiators are doing the talking.**

If necessary, remind team members who speak without specific chief negotiator approval to stay quiet.

TOPIC: PROTECTO CRITIQUE

OBJECTIVE: Negotiating Critique

TIME: Tuesday 2:30 - 3:30 pm

METHOD: Small Group Work

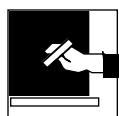
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- a. **Begin the critique at the designated time allowing at least one hour for this phase.**

Groups that have not yet reached agreement by the start of the critique are considered to have deadlocked.

- b. **Reassemble the students in the classroom at the designated start time.**



- c. **In a lecture/discussion format review the group negotiations that just took place.**

Begin by writing the different outcomes on the board using the matrix below.

Teams	Outcome	Liquidated Damages Clause (Y/N)	\$126,000 Contingency Fee (Y/N)	Profit %
A vs D				
B vs E				
C vs F				



- d. **Give the designated student observers the opportunity to comment on what they felt was good or bad behavior during the negotiations.**

At a minimum, the observer should comment on violations of Chapter 5 Bargaining Techniques and state whether negotiation styles were win/win or win/lose.

Some student observers may just recite a chronology of what transpired; limit these comments when they do not enhance the learning process. If appropriate, allow other team members to comment or critique the negotiations.

TOPIC: Protecto Critique

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e. The instructor critique for each negotiation should occur after the student observations for that group.

However, both student and specific instructor comments on a particular group negotiation should be accomplished before another group is critiqued.

Since the critique phase is so important, **SUMMARIZE THE KEY DISCUSSION ISSUES** for the case under review once all the group critiques have been accomplished.

The groups should not be critiqued in the same order after every case. Since student interest seems to diminish after the individual's group has been critiqued, this will give all groups the opportunity to be the first one reviewed.

Appropriate behavior should be emphasized to reinforce the usage of proper bargaining skills. Inappropriate negotiating behavior should also be underscored so students learn from their mistakes. **Because some students are sensitive to criticism, the instructor should use care in illustrating inappropriate behavior to ensure that students do not take the criticism as a personal attack.**

f. Compare the outcomes of the different teams.

Do this by using the following matrix to indicate the status of the liquidated damages clause and contingency fee.

Hopefully, the matrix will illustrate that deadlock is caused by the government's unwillingness to remove the liquidated damages clause.

Win/win outcomes generally result from the government's willingness to remove the clause in exchange for dropping the contingency fee.

TOPIC: **Protecto Critique**

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

PROTECTO CASE KEY DISCUSSION ISSUES



The following key discussion issues for the Protecto Case are to be covered during the critique.

a. Understand why deadlock is a harmful outcome to both sides.

This is an important learning objective for this case. Ideally, at least one of the groups will deadlock so that this point can be emphasized. **During the critique, show how extremely harmful this lose/lose situation is to both sides.** If this was a real case, both the government and contractor chief negotiators would be likely to lose their jobs.





By not securing this contract Protecto loses about \$250,000 in contribution income consisting of approximately \$126,000 in profit and the \$218,600 in largely fixed costs (Manufacturing Overhead and G&A) which will have to be absorbed by other Protecto contracts. Because of the need to absorb the indirect costs, Protecto's overall company profit would be reduced and the company could even realize a loss. Similarly, the government does not get delivery, much less timely delivery, of a product which **according to the case "will have a critical impact on potential combat operations"**. Maximum pressure is brought to bear on the government side because nothing can be more important to a Defense Department buyer than supporting combat operations.

(NOTE: It is extremely important that the instructor impress upon the students the importance of reaching agreement and not deadlocking. **Future deadlocks for the remainder of the course are much less likely when the class understands the harmful effects of a permanent impasse.**)

b. Identify the non-price needs (Rule 4 -Satisfy The Other Side's Non-price Needs).

Students should be able to identify the important non-price needs in this case. Since the government wants a liquidated damages clause in the contract as insurance that the delivery would be on time, the non-price issue is on-time delivery. Whereas, the contractor wants protection from uncontrollable events in the form of an additional \$126,000 in contingency fees in case the liquidated damages clause is invoked.

TOPIC: Protecto Critique
LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
	<p>Contrary to a genuine win/win spirit, neither side trusts the other side in this case. Win/win negotiators should be able to convince the other side that the liquidated damages clause and \$126,000 contingency fee are unnecessary. The contractor can convince the government using the reasoning that the company is keenly interested in the government's business and will do everything within its control to deliver the product on time. Since liquidated damages does not absolutely, positively, guarantee on-time delivery, the commitment of personal intervention or concern by the contractor will often satisfy this important non-price need. The government will then be more willing to remove the clause.</p>	
	<p>To reach agreement, the government must generally be willing to drop its insistence on the liquidated damages clause or give the contractor an extra \$126,000. Either of these government concessions will satisfy the contractor's insecurity on making on-time deliveries. However, dropping the liquidated damages clause allows the government to obtain an important concession from the contractor (the \$126,000 in other costs) without giving up something of real value in return</p>	
	<p>c. Understand the overriding negotiating themes of "Make It Happen" and "Everything is Negotiable."</p>	
	<p>Negotiators often have to be creative to achieve win/win deals that are important to both parties. A way must be found to reach agreement for the mutual benefit of both sides. In this case, the liquidated damages clause could be removed entirely and traded for the \$126,000 in contingency fees. Other solutions include reducing the liquidated damages clause daily assessment or changing the contract type from fixed price to cost reimbursable. The government can even agree to compensate the contractor for the contingency fee by increasing profit.</p>	
	<p>Even the all important required delivery date is negotiable because a later delivery is preferable to no delivery at all once deadlock occurred.</p>	
	<p>d. Apply a win/win attitude to the negotiation.</p>	
	<p>Because this is the first group negotiation, many students will exhibit a win/lose attitude and corresponding negotiation style. Emphasize the importance of win/win attitudes in achieving better agreements for both sides by pointing to win/lose behavior exhibited by those groups that deadlock or attain what is perceived as win/lose outcomes.</p>	

TOPIC: THE SCAN CASE PREVIEW

OBJECTIVE: Prepare for Negotiations

TIME: Tuesday 3:25 - 3:30 pm

METHOD: Lecture/Discussion

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

SCAN CASE

Primary Learning Objective

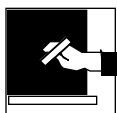
Condition: Given Chapters 1-7

Task: Negotiate (Scan Case)

Standard:

- Comply with bargaining techniques given in Chapter 5.
- Correctly recognize and interpret nonverbal cues presented in Chapter 7.
- Given the nonverbal cues, make appropriate adjustments to one's own verbal and nonverbal messages.
- Apply tactics only when appropriate for the situation, especially win/win tactics.
- Correctly recognize tactics used by the other party.
- Effectively counter win/lose tactics used by the other party.

PREVIEW OF TOMORROW'S NEGOTIATION



- a. **Determine the group matchup for the Scan group negotiation by using the following matrix:**

<u>Contractor</u>	<u>Government</u>
A	E
B	F
C	D

Teams A, B, and C will now be contractors, and D, E, and F are now the government for tomorrow's exercise, known as SCAN.

TOPIC: Scan Case Preview

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
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- b. Pass out the Scan case handouts, giving the government and contractor teams their appropriate handouts.**

Emphasize the importance of individually reading their respective handouts so students are ready to prepare as a group.